



## Chapter 12 – Performance-Based Compensation

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## REFERENCES

- (a) DoD Instruction 1400.25-V2012, "DoD Civilian Personnel Management System: Defense Civilian Intelligence Personnel System (DCIPS) Performance-Based Compensation," April 28, 2012
- (b) DoD Instruction 1400.25-V2011, "DoD Civilian Personnel Management System: Defense Civilian Intelligence Personnel System (DCIPS) Performance Management," August 14, 2009
- (c) DoD Instruction 1400.25-V2008, "DoD Civilian Personnel Management System: Defense Civilian Intelligence Personnel System (DCIPS) Awards and Recognition," October 22, 2012
- (d) SECNAV Instruction 12900.2A, "Defense Civilian Intelligence Personnel System," February 8, 2013
- (e) Sections 1601-1614 of title 10, United States Code
- (f) Chapter 23 of title 5, United States Code
- (g) DoD Instruction 1400.36, "DoD Implementation of the Joint Intelligence Community (IC) Duty Assignment (JDA) Program," June 2, 2008
- (h) Sections 4301-4335 of title 38, United States Code
- (i) Department of Navy, Defense Civilian Intelligence Personnel System (DCIPS) Manual, July 25, 2014

1. **PURPOSE.** To establish policy for the administration of performance-based bonuses and compensation for the Naval Intelligence community. This chapter provides policy and procedures for fair and consistent application of Defense Civilian Intelligence Personnel System (DCIPS) performance-based compensation with an emphasis on the link between employee bonuses and employee accomplishments as they relate to mission impact.

2. **APPLICABILITY.**

2.1 This chapter applies to all Department of Navy (DON) employees who have been appointed under the DCIPS, Section 1601 of title 10, United States Code, reference (e). Organizations managing DON employees covered by this chapter shall be referred herein after as "Entities with DON DCIPS Positions (EDDPs)".

2.2. Does not apply to members of the Defense Intelligence Senior Executive Service (DISES) or the Defense Intelligence Senior Level (DISL) unless specifically addressed in corresponding DCIPS Chapters.

2.3. Does not apply to employees covered by the Federal Wage System or equivalent, non-appropriated fund employees, or foreign national employees employed under other than DCIPS authority.

3. **POLICY.** It is Naval Intelligence policy that DCIPS Performance-Based Compensation practices shall:

3.1. Provide a basis for differentially linking employee performance-based bonuses to individual accomplishments; demonstrated competencies as measured by the performance criteria in Department of Defense (DoD) Instruction 1400.25, V2011, reference (b); and contributions to organizational mission and results, such that the greatest rewards go to those who make the greatest contributions, consistent with both performance and competitive pay administration principles.

3.2. Allow for individual compensation decisions to be made locally, using valid, merit-based criteria set by the Director of National Intelligence (DNI) and adapted to the missions of EDDPs.

3.3. Establish a common pay pool process and structure as the mechanism by which the performance-based salary increase and bonus processes will be administered.

3.4. Provide for transparency in all decision processes.

3.5. Provide for ongoing performance-related feedback between managers and employees.

3.6. Provide for continuous review and evaluation of decision processes and results to identify and examine any anomalies suggesting issues of equity or adverse impact.

3.7. Provide for appropriate employee protections through fair and consistent application of the provisions of this chapter and provide avenues for employee redress.

3.8. Promote the merit system principles in Chapter 23 of title 5, United States Code, reference (f), and prevent prohibited personnel practices.

#### **4. RESPONSIBILITIES.**

4.1. The **Head, Naval Intelligence Activity (NIAH)** shall:

4.1.1. In accordance with SECNAV Instruction 12900.2A, reference (d), implement DoD Instruction 1400.25, V2012, reference (a), of this chapter and issue supplemental DON DCIPS policy and guidance for administering DCIPS performance-based compensation practices within DON Naval Intelligence community.

4.1.2. Be accountable for compliance with policies established in this chapter and any subsequent DoD guidance.

4.1.3. Establish and publish standard operating procedures (SOP) for Naval Intelligence pay pools. Provide these SOPs to the Under Secretary for Defense (Intelligence) (USD(I)) for oversight purposes prior to use.

4.1.4. In conjunction with EDDPs, establish and use pay pools to decide upon and distribute performance-based bonuses among eligible employees in accordance with DoD Instruction 1400.25, V2012, reference (a), of this chapter. Individual bonus decisions will be made such that they provide higher rewards for higher performance, recognize greater contribution to mission and organizational results, and contribute to overall salary equity within the pay pool.

4.1.5. Ensure that each EDDP has designated Pay Pool Managers or Pay Pool Panel members in writing as early in the performance evaluation period as is practical.

4.1.6. Serve as the Naval Intelligence Pay Pool Performance Review Authority (PP PRA), in which capacity they:

(1) Shall provide final approval for pay pool recommendations.

(2) Shall perform a summary review prior to effecting results of all performance-based compensation decisions for pay pools to assess conformance to policy guidance and equity across pay pools.

(3) Communicate aggregate pay pool results in accordance with USD(I) guidance.

4.1.7. Develop, in collaboration with the Director of Intelligence, Headquarters Marine Corps (HQMC) and EDDPs, DCIPS policies, procedures, programs, and requirements for the DON DCIPS Community as specified in reference (d).

4.2. The **Naval Intelligence Chief Human Capital Officer (CHCO)** shall:

4.2.1. Implement DCIPS performance-based compensation programs in compliance with applicable implementing guidance and Naval Intelligence Activity (NIA) Chapters.

4.2.2. Review all bonus pool deliberations and decisions for conformance to policy, guidance, and equity across Naval Intelligence pay pools.

4.2.3. Represent the performance-based compensation requirements of EDDPs to the Office of Civilian Human Resources, Operations Centers (OCHR OPS).

4.3. The **Directors of Civilian Human Resources (DCHR)** with DCIPS employees shall:

4.3.1. Verify that OCHR Operations Center certifies personnel actions as they relate to performance-based compensation and process requests for personnel action (RPA) or entitlements for the Naval Intelligence community.

4.3.2. Ensure respective EDDPs are provided with organization-specific funding levels as they relate to awards and bonuses, and confirm that the EDDP does not exceed such limits.

4.4. The **Human Resources Director (HRD)** shall provide oversight of employee relations programs as they relate to DON DCIPS performance-based compensation.

4.5. The **OCHR Operations Center Directors** shall ensure approved bonuses are processed within the timeframe provided by the HRO servicing DON DCIPS positions and in accordance with the Naval Intelligence established timelines.

4.6. **Heads of Entities with DON DCIPS Positions (EDDPs):**

4.6.1. Manage EDDPs performance-based compensation programs and may issue supplemental guidance and operating procedures.

4.6.2. Shall establish and use pay pools to decide upon and distribute performance-based bonuses among employees assigned to the pay pool. Individual pay pool decisions will be made such that they provide higher rewards for higher performance, and

recognize greater contribution to mission and organizational results.

4.6.3. Shall serve as organizational, EDDP Pay Pool Performance Review Authority, ensure constructive, fair, and professional representation and transparency across the organization. Maintain compliance with this chapter and ensure all reporting requirements are on time.

4.6.4. Shall be responsible for ensuring that their organizational Pay Pool Panel managers, panel members, rating officials, reviewing officials, and any other employees participating in the pay pool process understand the policies, business rules and other related guidance governing the pay pool process.

4.6.5. Shall ensure Pay Pool Managers and panel members have received applicable annual pay pool training requirements.

4.7. The **Supervisors and Managers** shall:

4.7.1. Ensure that evaluations of record are in accordance with DoD Instruction 1400.25, V2011, reference (b) and Chapter 11 of reference (i), of this chapter and are available within the timelines provided by the Naval Intelligence PP PRA to guide the pay pool process.

4.7.2. Ensure that respective rating officials complete bonus payout conversations upon Naval Intelligence PP PRA approval and in accordance with Naval Intelligence established timelines.

5. **GENERAL STRUCTURE.** The DCIPS compensation system is designed to link annual performance-based bonuses to individual accomplishments, demonstrated competencies, and contributions to organizational results. DoD Instruction 1400.25, V2011, reference (b) and Chapter 11 of reference (i) of this chapter provides policies regarding setting and communicating performance expectations, monitoring performance, developing performance plans, addressing poor performance, and rating performance. DoD Instruction 1400.25, V2008, reference (c), provides policies regarding awards and recognition available for recognizing employees through both monetary and non-monetary awards.

## 6. PAY POOLS.

6.1. **Pay Pool Structure.** Pay pools are an aggregation of employees within Naval Intelligence EDDPs for the purpose of making performance-based bonus decisions. The Naval Intelligence PP PRA will issue guidelines on pay pool structure on an annual basis. Pay pool structure shall, at a minimum, meet the requirements outlined in the annual Naval Intelligence pay pool guidance. Requests for exemption to pay pool structures as prescribed in annual Naval Intelligence pay pool guidance will be submitted to the NIAH via the Naval Intelligence DCIPS policy office and CHCO. EDDPs may further structure their pay pools based on discretionary considerations such as:

6.1.1. Organizational structure and geographic distribution.

6.1.2. Number of employees and their occupational composition, work levels, and work categories.

6.1.3. Size and manageability of the pay pool. Pay pools must consist of a minimum of 20 employees. The typical size of a pay pool ranges from 20-100 employees.

6.1.4. "Line-of-sight" to the work of the pay pool members.

6.2. **Pay Pool Management.** Pay pool management may, at the discretion of the Head of an EDDP, be conducted by a single "Pay Pool Manager" who is in the supervisory chain of those employees assigned to the pay pool, or by a "panel" of managers who have line management responsibility for those assigned to the pay pool. If an EDDP elects to use Pay Pool Panels, the panel will be chaired by a Pay Pool Manager who may exercise decision authority on behalf of the Pay Pool Panel. Pay pool managers or Pay Pool Panel members need not be DCIPS members.

6.2.1. Pay pool managers and Pay Pool Panel members shall be designated in writing by the head of an EDDP as outlined in this Chapter. Identification of Pay Pool Managers and pay pool members shall happen no later than 60 days prior to the end of the performance cycle.

6.2.2. Pay pool management shall not participate on Pay Pool Panels or serve as Pay Pool Managers for pay pools that they or any relative are part of.

6.2.3. The NIAH shall be notified of each EDDPs' Pay Pool Managers and Panel Members no later than 60 days prior to the end of the performance cycle. Once the final determination of Pay Pool Managers and Pay Pool Panel Members has been made, the head of an EDDP shall provide the CHCO office with a list of all managers and members.



6.2.4. Pay pool managers and Pay Pool Panel members shall be trained in their responsibilities annually prior to commencement of the pay pool decision activities. Training shall, at a minimum, teach the respective roles and functions, the use of decision support tools, and the responsibilities for equity and diversity. Training may be structured, at the discretion of the Head of an EDDP, to differentiate initial pay pool training requirements from sustainment training requirements. Each Head of an EDDP will be responsible for incorporating specific EDDP information (i.e., businesses rules and processes) and provide training.

6.2.5. The Head of an EDDP shall provide a report to the CHCO on completion of required pay pool training no later than the end of the performance cycle or as requested.

**6.3. Assignment of Employees to Pay Pools.** Employees will be assigned to pay pools as early in the evaluation period as is practicable, or on assignment to a new position, in conjunction with annual performance planning.

6.3.1. Employees will be notified of their pay pool assignment as early as is practicable during the performance planning process, but in advance of commencement of pay pool deliberations.

6.3.2. Employees who change pay pools within an EDDP or who move to another DCIPS position within 90 days of the annual evaluation close-out will be considered with the new pay pool to which they are assigned using the DCIPS evaluation of record from the previous DCIPS organization.

6.3.3. Employees detailed to another DCIPS organization under a joint duty assignment (JDA) will be assigned to a pay pool in the gaining organization that will consider them for bonuses in accordance with DoD Instruction 1400.36, "DoD Implementation of the Joint Intelligence Community (IC) Duty Assignment (JDA) Program, reference (g), and Appendix A of this chapter.

**6.4. Pay Pool Assignment Validation Process.** The pay pool assignment validation process will be conducted by the CHCO office in coordination with the servicing HRO on an annual basis prior to 30 September to ensure all employees are assigned to a pay pool and to ensure all pay pools have a Pay Pool Manager and PP PRA assigned in the Performance Appraisal Application (PAA).

6.4.1. EDDPs should ensure all new employees, or employees changing pay pools, are assigned to the appropriate pay pool ID within 30 days of the new assignment. Additionally, EDDPs are

responsible for periodic reviews of their respective pay pool structure to ensure accuracy.

6.4.2. The DCHR will provide the EDDPs with pay pool ID assignments at the time the pay pool is established.

**6.5. External Employee Pay Pool Assignments.** In cases where there are not enough DCIPS employees in an EDDP to warrant an individual pay pool, employees may be assigned by the Head, Naval Intelligence Activity (NIAH) to another pay pool within an EDDP that does not have supervisory or line management responsibility for the employee. These assignments will be communicated to head of the EDDPs by the NIAH and reviewed annually to determine if any adjustments are required. Assignments will be made considering budgetary and geographical considerations. An EDDP will ensure all policies, procedures, and performance standards are applied consistently with regard to consideration of pay pool compensation decisions for "external" employees. Supervisors and/or managers for the external employees will be provided with the opportunity to participate in performance review boards and Pay Pool Panels as appropriate and if applicable. These pay pool assignments will be reviewed annually to determine if adjustments are required in future performance periods.

**6.6. Pay Pool Administration.**

6.6.1. On an annual basis, the Naval Intelligence PP PRA will issue year-end pay pool administration guidance. Each EDDP must have pay pool business rules and/or SOPs. Business rules and/or SOPs shall contain, at a minimum, requirements for initial and annual sustainment training for all Pay Pool Managers and panel members, including procedures for conducting mock pay pool exercises as appropriate. Business rules and/or SOPs shall include specific guidance regarding adjustments during pay pool deliberations (i.e. adjustments for partial year performance in the pay pool, or adjustments for other awards distributed throughout the year). EDDPs that do not have NIAH-approved business rules in place by 30 September will default to the overarching Naval Intelligence year-end pay pool guidance.

6.6.2. EDDPs are required to publish business rules and/or SOPs to employees prior to convening the Pay Pool Panel. Such business rules shall be provided to the NIAH through the CHCO prior to the commencement of pay pool activities. EDDP level guidance should align to Naval Intelligence year-end guidance issued annually and be consistent with DoD Instruction 1400.25, V2008 and V2012, references (a) and (c), of this chapter.

6.6.3. Pay pools shall begin their annual deliberations as soon as is practical following the close of the evaluation

period and the finalization of evaluations of record, but in sufficient time to complete pay pool deliberations and payout processing before the effective date of the payouts.

6.6.4. During deliberations, the Pay Pool Manager may bring in outside experts (i.e., a lawyer, Equal Employment Opportunity Advisor/Officer, an Employee Relations Specialist, etc.) to consult on pay pool activities. Outside experts are considered non-voting members and shall sign a statement of accountability/confidentiality consistent with Appendix B of this Chapter.

6.6.5. EDDPs shall institute processes for ensuring that all performance evaluations are completed prior to initiation of pay pools.

6.6.6. The EDDP is required to provide a list of missing employee evaluations of record to the Pay Pool Manager no less than 15 calendar days prior to the start of pay pool deliberations. Pay pool managers will ensure managers and supervisors responsible for delinquent performance evaluations are held accountable in accordance with DoD Instruction 1400.25, V2011, reference (b) and Chapter 11 of reference (i).

6.6.7. Unless otherwise approved, EDDPs shall use the DCIPS Compensation Workbench (CWB) for the determination and calculation of DON DCIPS performance based bonuses. EDDPs will load and validate data in the CWB in accordance with instructions provided by the office of the CHCO and DCHR.

6.6.8. EDDPs must identify all specially situated employees prior to pay pool deliberations to ensure consistent application of policies and procedures to all employees during the pay pool process. A summary of specially situated circumstances and recommended actions for the pay pool can be found in Appendix B of this chapter.

6.6.9. Employees who have not received an approved DCIPS performance evaluation of record shall not be considered for an annual performance-based salary increase or bonus except:

(a) Employees absent to perform service in the uniformed services and subject to the protections of sections 4301-4335 of title 38, United States Code, reference (h), will be considered for bonuses as outlined in Appendix A.

(b) Employees on other long-term absences or in other special circumstances for other than disciplinary reasons may be considered for bonuses as outlined in Appendix A.

(c) Employees in specially situated scenarios will be considered for bonuses in accordance with Appendix A of this chapter.

**6.7. Pay Pool Decision Process.**

6.7.1. Pay pool deliberations will be conducted in accordance with Merit System Principles outlined in reference (f).

6.7.2. Preliminary performance-based bonus recommendations will be made based on the outcome of USD(I)-approved compensation formulas as calculated using the CWB.

6.7.3. Preliminary bonus recommendations based on the evaluation of record may be adjusted by pay pool management in accordance with this chapter, annual Naval Intelligence pay pool guidance, and DoD Instruction 1400.25, V2012, reference (a). Considerations that may be included in SOPs as they relate to bonus adjustments are:

(a) An EDDP's guidance on priorities for the performance year.

(b) Comparative evaluation of performance of like-situated employees within the pay pool.

(c) Partial year performance in the pay pool.

(d) Other performance-based considerations included in the EDDPs NIAH-approved business rules.

6.7.4. Pay pool panel managers and members should provide constructive, fair, and professional input during pay pool deliberations and ensure transparency in all decisions.

6.7.5. Pay pool management shall not participate in pay pool deliberations for themselves or any relative.

6.7.6. Heads of EDDPs may grant base-pay increase monetary awards in the form of a DCIPS Quality Increase (DQI) or a DCIPS Sustained Quality Increase (SQI) resulting in salary increases during the pay pool process in accordance with DoD Instruction 1400.25, V2008, reference (c), Appendix A, and Naval Intelligence annual pay pool guidance.

(a) Granting such base-pay increase monetary awards during the pay pool process does not preclude an EDDP from granting such awards at other times throughout the year.

(b) Granting base-pay increase monetary awards does not reduce the pay pool funding amount as described under section 8 of this chapter, nor does it count toward the Naval Intelligence

prescribed bonus distribution limitation as described under section 9.2 of this chapter.

(c) EDDPs may not award individual employees with both a base-pay increase monetary award and a bonus during the pay pool process.

6.7.7. EDDPs are required to maintain all documentation used during pay pool deliberations for two years (current and previous year) in accordance with DoD Instruction 1400.25, V2012, reference (a) of this chapter.

6.7.8. During deliberations, the Pay Pool Panel should review the CWB to see if there are any employees who are above the bonus threshold whose bonus amount should be adjusted based on EDDPs-specific business rules.

6.7.9. Pay Pool Panels should operate on a consensus basis with the Pay Pool Manager having authority on items where a consensus cannot be reached.

6.7.10. Considerations granted for one employee must be applied to all except in cases involving special circumstances (e.g., if a bonus is adjusted because of a recent promotion, all employees recently promoted must have their bonus adjusted in a similar fashion).

6.7.11. All modifications to the CWB directed by the Pay Pool Panel and/or Manager will be justified and documented in the CWB.

6.7.12. Employees who change pay pools and have not been in the new pay pool long enough to receive a performance evaluation shall have their current DCIPS evaluation of record used by the new pay pool to determine bonus eligibility.

6.7.13. Analysis of performance evaluations of record or pay pool results by demographic characteristics that identify protected classes of individuals are prohibited prior to conclusion of the pay pool processes. Analysis by organizational and position-related characteristics are permitted.

## **7. AGGREGATE COMPONENT PERFORMANCE-BASED SALARY INCREASE AND BONUS BUDGETS.**

7.1. The annual planned Defense Intelligence budget and bonuses will be established in accordance with DoD Instruction 1400.25, V2012, reference (a), by 30 September of the performance year.

7.2. Subordinate activities, elements, and commands will fund performance-based bonuses at the same level as the aggregate

funding level set by the NIAH. Funding rates in the CWB must reflect the percentage rate authorized by the NIAH. EDDPs may not increase pay pool budgets over the amount authorized.

7.3. EDDPs:

7.3.1. May not exceed the aggregate performance budget for their organization, except on approval by the NIAH, and if applicable, USD(I), that is based on a specific business case.

7.3.2. May allocate their pay pool budget to individual pay pools in the manner that best supports the EDDP's mission.

7.3.3. May set aside a portion of their pay pool budget as a reserve for unanticipated pay pool requirements based on exceptional organizational performance, other mission-driven performance recognition requirements, and additional payouts resulting from changes resulting from approved requests for reconsideration.

7.3.4. Upon completion of pay pool deliberations, the EDDPs must ensure that all pay pool funds have been distributed within the CWB, including any portion or "reserve" initially set aside for adjustments.

7.3.5. Will provide information to NIAH through the CHCO office on the conduct and results of their pay pool activities, including any use of their authority to allocate funds to pay pools on other than a pro-rata proportional or fair-share basis.

7.3.6. Will provide a report or out-brief to employees of their organization regarding pay pool processes and aggregate results.

**8. INDIVIDUAL PAY POOL BUDGETS.**

8.1. The sum of individual pay pool expenditures may not exceed the aggregate amount budgeted at the EDDPs level for bonuses.

8.2. The budget for each pay pool in the EDDPs will be set as of the date pay pool membership is frozen following the end of the performance evaluation period. To the maximum extent practicable, membership should not change following the establishment of the pay pool budget.

8.2.1. The preliminary budget for the pay pool will be established according to a method determined by the USD(I) in consultation with the DoD Components with DCIPS positions. The head of each DoD Component with DCIPS positions will be notified in a memorandum of the sole method for determining the bonus budget for the pay pool and for adjusting the pay pool budget when employees are added to or removed from the pool.

8.2.2. If, at the time decisions are made for the pay pool, an employee is added to or removed from the pay pool the pay pool budget will be adjusted.

8.2.3. The preliminary budget for bonuses for the pay pool will be established by multiplying the approved percentage times the total base salaries of the eligible employees assigned to the pay pool.

8.2.4. If, at the time decisions are made for the pay pool, an employee is added to or removed from the pay pool, the pay pool budget for bonuses will be adjusted by the salary of the employee, times the bonus percentage allocated for the EDDPs. This amount will be summed for all employees added to or removed from the pool.

9. **PERFORMANCE-BASED BONUS ALGORITHMS AND GUIDANCE.** The USD(I), on the recommendation of the Defense Intelligence Human Resource Board (DIHRB), will establish the algorithm that will be used by all DCIPS pay pools to allocate performance-based bonuses in accordance with DoD Instruction 1400.25, Volume 2012, reference (a).

9.1. Employees rated as "Unacceptable" or "Minimally Successful" will be ineligible for any performance-based salary increase or bonus.

9.2. The purpose of a bonus is to provide meaningful reward for the highest levels of performance and work accomplishments within the context of the work level. Algorithms shall separately compute initial recommended bonuses for employees based on the employee's evaluation of record in accordance with the procedures in DoD Instruction 1400.25, V2011, reference (b) and Chapter 11 of reference (i). Employees, whose performance was evaluated to be at the "Successful" level or above, are eligible for bonus consideration. Bonus algorithms will compute recommended bonus amounts based on the midpoint of the work level to which the employee is assigned.

9.3. **Maximum percentage of eligible employees to receive a bonus.** Annually, the NIAH will determine the percentage of eligible employees within a pay pool who may receive a DCIPS bonus. This percentage will not exceed 50 percent of the eligible population of an EDDP. Each EDDP shall not award more bonuses than authorized. EDDPs may establish bonus targets at percentages lower than the percentage authorized by the Naval Intelligence PP PRA. In rare cases, where an EDDP wishes to request an exception to exceed the percentage authorized by the Naval Intelligence PP PRA to ensure eligible employees are

treated like similarly situated employees, the EDDPs must request approval from the NIAH.

9.4. Recommended bonus recommendations generated by the algorithm shall serve as the starting point for making annual performance-based bonus decisions in accordance with the guidance in SOPs for the EDDPs. No adjustments may be made that result in payouts exceeding the aggregate pay pool budget for either bonuses or performance-based salary increases.

9.5. **Minimum and maximum bonus.** Minimum and maximum bonus amounts will be determined annually by the Naval Intelligence PP PRA. EDDP PRAs may set a higher minimum bonus amount and lower maximum bonus amount than determined by the Naval Intelligence PP PRA, provided that all pay pools under a common PP PRA adhere to the same procedures.

9.6. DCIPS processes for awarding bonuses to employees detailed on JDA include the following:

9.6.1. Employees detailed on a JDA to another IC Component with 90 days or less remaining in the performance cycle will be considered for a bonus by the employee's home element.

9.6.2. Employees detailed on a JDA to another IC Component with more than 90 days remaining in the performance cycle will be considered for a bonus (or similar monetary award in accordance with Component practices) in the gaining element. The home element may consider the employee for an award according to DoD Instruction 1400.25, V2008, reference (c) and chapter 8 of reference (i) for performance during the performance cycle prior to commencement of the JDA.

#### **10. REVIEW AND OVERSIGHT OF PERFORMANCE-BASED SALARY INCREASES AND BONUSES DECISIONS.**

10.1. On completion of pay pool action, the Pay Pool Manager will submit the pay pool results to the EDDP PP PRA for final review and certification.

10.2. The EDDP PP PRA, on review of the results, may approve all results as submitted, request additional justification for specific issues identified, return the pay pool results to the Pay Pool Manager for remediation, or appoint a new Pay Pool Manager to conduct a new decision review of the pay pool.

10.3. Once the EDDPs PP PRA has reviewed and certified all pay pool results for their EDDPs, the appropriate CWBs will be sent to the NIAH.



10.4. The NIAH will initially review all EDDPs' pay pool data to ensure receipt of all CWBs in accordance with established timelines found in Appendix B of this chapter.

10.5. The Civilian Intelligence Personnel Office (CIPO) in coordination with the Naval Intelligence DCIPS program office will prepare aggregate data, an analysis of the pay pool process, and identify any anomalies or areas of concern requiring further review by the NIAH.

10.6. The NIAH will review all Naval Intelligence pay pool data, perform a summary review of the results of all the pay pools within Naval Intelligence and conduct a final review with representatives from each EDDP to address any areas of concern. Upon completion of discussions, the NIAH will formally approve all pay pool results via memorandum and authorize processing of pay pool decisions and payment in accordance with the timelines established by this chapter and other relevant guidance for the EDDPs. The Naval Intelligence PP PRA is responsible for ensuring consistent application of EDDP business rules and all pay pool rules and identifying potential anomalies such as lack of differentiation or inconsistencies in application of policy across pay pools.

10.7. The NIAH, on review of the results, may approve all results as submitted, request additional justification for specific issues identified, or return the EDDPs PP PRAs for remediation.

10.8. The NIAH will ensure that all budgets have been expended in accordance with authorized percentages and that a representative from each EDDP forwards the final CWB to the CIPO and DCIPS Policy & Programs office in accordance with the annual Naval Intelligence timeline.

10.9. If any PP PRA action results in a delay in effecting the results for a pay pool, all such pay pool decisions will be retroactive to the effective date of other pay pool results for the EDDPs.

10.10. In order to process DCIPS performance-based payouts the servicing HRO will work with the appropriate OCHR Operations Center and the representative of the respective EDDP(s) to upload CWB results into DCPDS.

10.11. Performance-based bonus payouts shall coincide with the annual Federal General Schedule pay increase which is normally effective on the first day of the first pay period following 1 January of the new calendar year.

10.12. The servicing HRO will identify those employees whose performance-based bonuses cannot be made effective the first pay period following 1 January of the new calendar year.

10.13. EDDPs will notify those whose performance-based bonus payouts are delayed and provide them with a new projected payout date.

10.14. On completion and execution of all pay decisions for the performance year, the NIAH will conduct a formal analysis of the decision process and develop an action plan for the next performance period and pay year that considers the results of that analysis. The results of the Component review will be forwarded to the USD(I) by March 31 of the year in which the review is conducted. Reviews will include, consistent with DoD Instruction 1400.25, V2012, reference (a):

10.14.1. Statistical analysis of all performance decisions consistent with applicable guidance, to identify, examine, and remove unlawful barriers; to prevent unlawful discrimination; and to ensure pay decisions are based solely on performance.

10.14.2. Analysis of performance differentiation by pay pool and organization to identify conformance to guidance.

10.14.3. Other analysis or data requested by the USD(I).

## **11. DEVELOPMENTAL PROGRAMS.**

11.1. Employees in approved developmental programs as defined in Chapter 5 - Employment and Placement of this chapter, reference (i), may be considered for performance-based salary increases and bonuses, as appropriate, in accordance with this chapter.

11.2. Salary increases received under the developmental program may be considered in determining eligibility for additional increases or bonuses.

## **12. COMMUNICATING PERFORMANCE-BASED COMPENSATION DECISIONS TO THE EMPLOYEE.**

12.1. The Naval Intelligence PP PRA will issue the approval of all Naval Intelligence payouts to the heads of EDDPs.

12.2. The NIAH will notify Heads of EDDPs once all payout decisions are approved.

12.3. EDDP rating officials are responsible for communicating payout decisions to their respective employees as soon as possible or within prescribed timeframes identified in the annual Naval Intelligence timeline. CWB-generated payout sheets

are recommended for use in communicating payout decisions and details.

12.4. Communication shall provide a breakdown of performance-based salary increases (including base-pay increase monetary awards awarded as part of the pay pool process), any increases to local market supplements or any other supplemental pay, and any performance bonuses granted.

12.5. Such communication should occur in person with each employee unless circumstances preclude this (e.g., geographic separation).

12.6. Performance-based compensation decisions shall not be communicated to employees until the Naval Intelligence PP PRA has approved the payouts for the employee's pay pool.

**13. EMPLOYEE CHALLENGES TO PAYOUT DECISIONS.** Employees may not challenge an individual performance-based payout decision; however, employees may use the grievance system of the EDDPs to address specific concerns regarding failure to properly follow pay pool processes that may have affected their payout.

**APPENDIX A**

**HANDLING OF SPECIALLY SITUATED EMPLOYEES DURING PAY POOL PROCEDURES**

Situation	Naval Intelligence Guidance On Pay Pools
<b>Naval Intelligence employees out on a Joint Duty Assignment (JDA)</b>	<p><b>Employees detailed on a JDA to another Intelligence Community (IC) component:</b></p> <ul style="list-style-type: none"><li>• With 90 days or less remaining in the performance cycle shall be considered for a bonus by their home EDDP.</li><li>• With more than 90 days remaining in the performance cycle shall be considered for a bonus (or similar monetary award in accordance with component practices) in the other IC component. The employee's Naval Intelligence EDDP may consider the employee for other performance awards outside the pay pool process during the performance cycle prior to the commencement of the JDA.</li></ul> <p><b>Employees returning from a JDA to Naval Intelligence:</b></p> <ul style="list-style-type: none"><li>• With 90 days or less remaining in the performance cycle shall be considered for a bonus by the IC component where they completed their JDA, using the "Closeout - Early Annual Evaluation" received from their JDA IC component rating official.</li><li>• With more than 90 days remaining in the performance cycle shall be considered for a bonus in their Naval Intelligence pay pool.</li></ul> <p>Note: Prior to year-end, the Naval Intelligence JDA program manager shall coordinate with the host IC component to verify under which organization the employee shall be considered.</p>
<b>Other IC component employees on a JDA to Naval Intelligence</b>	<p><b>Employees detailed on a JDA to Naval Intelligence:</b></p> <ul style="list-style-type: none"><li>• With 90 days or less remaining in the performance cycle shall not be considered for a bonus by the Naval Intelligence EDDP.</li><li>• With more than 90 days remaining in the performance cycle shall be considered for a bonus by the Naval Intelligence EDDP.</li></ul> <p><b>Employees on a JDA returning to an IC</b></p>

Situation	Naval Intelligence Guidance On Pay Pools
	<p>component from Naval Intelligence:</p> <ul style="list-style-type: none"> <li>• With 90 days or less remaining in the performance cycle shall be considered in their Naval Intelligence EDDP pay pool with the "Closeout - Early Annual Evaluation" received from their Naval Intelligence supervisor.</li> <li>• With more than 90 days shall be considered in their employing IC component pay pool.</li> </ul> <p>Note: Prior to year-end, the Naval Intelligence JDA program manager shall coordinate with the other IC component to verify under which organization the employee shall be considered.</p>
<p>Employees detailed to another organization (not on a JDA MOU)</p>	<ul style="list-style-type: none"> <li>• Naval Intelligence employees detailed to another organization are eligible for bonus consideration in their home organization's pay pool.</li> <li>• Employees detailed to Naval Intelligence from another organization are not eligible for Naval Intelligence bonuses. Their performance awards and/or bonuses shall be handled by their parent organization.</li> </ul>
<p>Employees on Military Leave</p>	<ul style="list-style-type: none"> <li>• Employees on military leave who received their last summary evaluation of record or an assumed rating of "Successful" (if a prior rating is not available or was less than "Successful") shall be considered for a DCIPS bonus; this means if the CWB's initial recommendation includes a recommended performance bonus, such individual should receive as initially recommended.</li> </ul>
<p>Employees on Worker's Compensation</p>	<ul style="list-style-type: none"> <li>• Employees on worker's compensation who received their last summary evaluation of record or an assumed rating of "Successful" (if a prior rating is not available or was less than "Successful") because they had not performed under a DCIPS performance plan for a period of at least 90 days will be considered for a DCIPS bonus.</li> </ul>
<p>Employees on Long Term Training</p>	<ul style="list-style-type: none"> <li>• Long term training is defined as absence in excess of 120 consecutive workdays or other special circumstance identified by the EDDP.</li> <li>• Employees who received their last summary evaluation of record or an assumed rating of "Successful" as a result of a long-term</li> </ul>

Situation	Naval Intelligence Guidance On Pay Pools
	training such that they were not observed by their rating or reviewing officials for 90 days or more will be considered for a DCIPS bonus.
Employees absent from their positions such that they have not performed under a DCIPS performance plan for a period of at least 90 days (excluding Military Leave)	<ul style="list-style-type: none"> <li>• Employees given an assumed rating of "Successful" due to being absent from their positions such that they have not performed under a DCIPS performance plan for a period of at least 90 days will not be awarded a DCIPS bonus.</li> </ul>
Retirement/separation from a DCIPS position	<ul style="list-style-type: none"> <li>• EDDPs may consider retired or separated employees during the pay pool process if they meet all requirements for eligibility. In some cases, these employees may need to be manually entered into the CWB.</li> </ul>
New DCIPS employees with less than 90 days	<ul style="list-style-type: none"> <li>• New DCIPS employees who do not have 90 days in the rating period are not eligible for DCIPS bonuses.</li> </ul>
Employees from other DCIPS organizations or within Naval Intelligence who onboard with 90 days or less in the performance cycle	<ul style="list-style-type: none"> <li>• Employees shall be considered in the pay pool of their new Naval Intelligence organization using the evaluation of record from their previous organization.</li> </ul>
Employees from other DCIPS organizations or within Naval Intelligence who onboard between 1 October and the Naval Intelligence PM PRA's approval of ratings	<ul style="list-style-type: none"> <li>• If the appropriate pay pool has not met, employees shall be considered in the pay pool of their new Naval Intelligence organization using the evaluation of record from their previous organization.</li> <li>• EDDPs must report these employees to NIA Policy &amp; Programs office by email (DCIPS_RESOURCE_DESK@navy.mil) as soon as their Entry on Duty (EOD) date is known.</li> </ul>
Indefinite Suspension	<ul style="list-style-type: none"> <li>• Please contact Employee Management and Relations for special instructions.</li> </ul>

## APPENDIX B

### NAVAL INTELLIGENCE STATEMENT OF ACCOUNTABILITY AND DISCLOSURE

As a DCIPS performance management or Pay Pool Panel member/participant, I will have access to written information, both hard copy and electronic, and will be privy to personal information pertaining to employees and their performance to be used during the performance management and pay pool deliberation process. I understand that this information is For Official Use Only (FOUO) and shall not be disclosed to individuals without a legitimate need-to-know. Further, I understand that unauthorized disclosure may result in administrative sanctions up to and including removal from my position and from the Federal service. I also understand that unauthorized disclosure of FOUO information that is protected by the Privacy Act may result in civil and criminal sanctions.

Consistent with the DoD Privacy Program, DoD Directive 5400.11, I will:

- Protect the security and confidentiality of personal information contained in a system of records to which I have access or am using incidental to the conduct of official business.
- Not disclose any personal information contained in any system of records, except as authorized by applicable law or regulation.
- Report any unauthorized disclosures of personal information from a system of records or the maintenance of any system of records that are not authorized to the Pay Pool Manager or performance review authority.

I understand that I am not to discuss, forward, or otherwise disseminate any performance rating or payout information (e.g., ratings, performance-based salary increase or bonus amounts) and comments of the deliberations or from the compensation workbench to persons outside the Pay Pool Panel (i.e., Pay Pool Manager, panel members, advisors, data administrators, and pay pool performance review authority).

I have reviewed the list of employees covered in the pay pool/performance management group and must recuse myself from participating in the panel deliberations for the individual(s) listed below due to a conflict of interest as I am related to this person, or this person is me (if none, state 'None'):

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I understand that I must coordinate with the Office of General Counsel prior to releasing information to any individuals outside the immediate Pay Pool Panel for any purpose, including official inquiries and investigations.

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SIGNATURE

DATE

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PRINTED NAME AND TITLE

## GLOSSARY

**Alternate pay Pool Panel Members.** Pay Pool Managers should select and identify alternate Pay Pool Panel members. Alternates must meet the same requirements as panel members. At the Pay Pool Manager's discretion, alternates may attend Pay Pool Panel meetings, but will be non-voting unofficial members unless they must "officially" replace a full member who is absent.

**Authorizing Official.** A management official who has been delegated authority to certify payments resulting from pay pool deliberations. For the purposes of approving the results of the EDDPs pay decision process, the authorizing official will be the PP PRA.

**Defense Civilian Intelligence Personnel System (DCIPS).** Positions engaged in intelligence or intelligence-related work requiring a significant degree of specialized intelligence knowledge, skills and abilities, and those positions that serve in direct support of intelligence functions within a DON non-intelligence component, hereinafter referred to as "Entities with DON DCIPS Positions."

**EDDP PP PRA.** The Head of an EDDP, in his or her capacity of providing oversight of pay pool processes. The PP PRA provides oversight of the pay pool processes of an entire EDDP to ensure consistency in the application of principles and criteria, and approves payouts at the EDDP level in coordination with the Naval Intelligence PP PRA.

**EDDP.** Organizations or entities managing DON DCIPS employees; commonly referred to as "Entities with DON DCIPS Positions."

**Eligible Employee Assigned to a Pay Pool.** An employee who has received a DCIPS performance evaluation of record for the most recent performance evaluation period.

**Intelligence Community (IC).** A coalition of 17 agencies and organizations within the executive branch that work both independently and collaboratively to gather the intelligence necessary to conduct foreign relations and national security activities.

**Like-Situated.** Refers to employees of identical or similar work category, work level, DCIPS band or grade and occupational category.

**Line-of-Sight.** A term used to specify that those in the employee pay decision chain must have insight into the employee's performance and contributions through direct observation of the employee's work.



**Naval Intelligence PP PRA.** This role is served by the NIAH and is responsible for oversight of pay pool processes of the entire Naval Intelligence community. Ensures consistency in the application of principles and criteria and has final approval authority of DCIPS bonus payouts for the Naval Intelligence community.

**Pay Pool.** An aggregation of employees within an EDDP for the purpose of making annual performance-based compensation decisions. The organizing construct for a pay pool may include consideration of organization or region of assignment, occupation, or other organizing criterion involving a common mission focus.

**Pay Pool Manager.** An individual typically in the supervisory chain of command for employees assigned to a pay pool, designated by the Head of the EDDPs to conduct the decision-making process for annual performance-based compensation decisions for employees assigned to the pay pool.

**Pay Pool Panel Members.** Pay pool panel members are a panel of managers who have line management responsibility for those assigned to the pay pool and should have knowledge of each employee's status (i.e., awards, promotions, etc.) so that the panel can make informed decisions. These members should be senior civilian and equivalent military personnel whenever possible.

**Pay Pool Panel.** A group of managers who typically share chain-of-command responsibility for employees assigned to a pay pool who are designated by the Head of the EDDPs to participate in the annual performance-based compensation decision-making process under the leadership of a Pay Pool Manager for the employees assigned to the pay pool.

**Uniformed Services.** The uniformed services are the Army; the Navy; the Air Force; the Marine Corps; the Coast Guard; the Commissioned Corps of the U.S. Public Health Service, Department of Health and Human Services (DHHS); and the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA). Proposed issuances that apply to the Commissioned Corps of DHHS and NOAA must be coordinated with those organizations.